



CITY OF DURHAM | NORTH CAROLINA

Date: June 15, 2015
To: Thomas J. Bonfield, City Manager
Through: Wanda S. Page, Deputy City Manager
From: Bertha T. Johnson, Director of Budget & Management Services
Subject: FY2015-2016 Budget and FY2016-2021 Capital Improvement Plan (CIP)

Executive Summary

The City Manager presented the proposed FY2015-2016 Budget and FY2016-2021 Capital Improvement Plan (CIP) to the City Council on May 18, 2015. The City Council held hearings on the proposed budget and CIP on May 26th and May 27th. A public hearing to receive comments from the public on the proposed budget was held on Monday, June 1st. The Administration is requesting adoption of the FY2015-2016 Budget ordinance, FY2016-2021 Capital Improvement Plan (CIP) ordinances and other related ordinances (fees, internal service plans, and grant project ordinances) and resolutions.

Recommendation

The Administration recommends that the City Council adopt the FY2015-2016 City of Durham Budget ordinance, 2016-2021 Capital Improvement Plan ordinances and other related ordinances and resolutions.

The tax rate would be \$0.5912 per \$100 of assessed value and allocated as follows:

General Fund Operations	\$0.3538
Debt	\$0.1302
Solid Waste Operations	\$0.0585
Transit Operations	\$0.0387
Dedicated Housing Funding	\$0.0100

Total Rate per \$100 Valuation of Taxable Property \$0.5912

Background

The City Manager presented the proposed FY2015-2016 Budget to the City Council on May 18, 2015. The City Council held hearings on the proposed budget and CIP on May 26th and May 27th, 2015. A public hearing, to hear residents' comments on the proposed budget, was held on Monday, June 1st in conjunction with our 3rd E-Town Hall. Residents were given an opportunity to submit questions in advance via e-mail, YouTube, Facebook and Twitter and hear City Council responses to those questions live on DTV8 or via live stream on the City's website.

Issues/Analysis

During the budget hearings the City Council did not direct the Administration to make any

changes to the proposed budget; however during the June 4 work session, Council directed staff to make provisions for finishing street and storm water work in two failed developments. The budget, with changes, now provides for the 50/50 option that Council preliminarily agreed upon. A summary of those changes **adding \$2,805,666 to the capital project** for failed developments follows:

- **\$1,420,632** is appropriated from the General Fund fund balance to transfer to the capital project. This consists of the City's \$710,316 portion, and the residents' \$710,316 portion. It is necessary to appropriate the entire amount so that the funds may be spent in FY 2015-16. Repayments of the assessment over the ten year horizon will be credited to the general fund appropriately.
- **\$848,188** will be transferred from the Stormwater Operating Fund to the capital project. This consists of the City's \$424,094 portion, and the residents' \$424,094 portion. The Stormwater Fund had \$905,000 in the preliminary budget for this purpose, so the amount actually decreased by \$56,812 for the final budget. Again, it is necessary to appropriate the entire amount to the project and repayments will show as operating revenues in later years.
- **\$384,756** was received in payments beginning in 2009 for surety settlements related to the streets portions of these projects. Those funds were deposited in capital funds, and will be moved to the appropriate capital project. Other than the CIP ordinance recognition and appropriation of these funds, no other budget is required for this.
- **\$152,090** was received in payments for surety settlements related to the stormwater portions of these projects. Those funds were deposited in a surety operating fund that is seldom used for expenses, so has not been part of the operating budget ordinance. This portion of the transfer is provided for in the final FY 2014-15 budget amendment agenda item (10491) to keep from requiring this fund to be added to the FY 2015-16 ordinance. Therefore, this portion of the transfer to the capital project will occur prior to June 30, 2015.

The following other corrections and changes were also made between the preliminary and final budgets:

1. Support for the emergency judge contract was decreased by \$30,000 based upon an updated request from the Administrative Office of the Courts.
2. \$65,000 was added for the to-be-formed Sports Commission, and was directly offset by an increase in the projections for Occupancy Tax revenues.
3. Support for Sister Cities was increased by \$1,000.
4. A correction was made to unfreeze two Inspections positions (a Permit Tech and a Code Inspector) by adding \$125,000 which was offset by an increase in projections for Inspections revenues.
5. The support for the joint Sustainability Office was moved from the Community Development Department's budget to General Services. The amount did not change.

6. A total of \$200,000 was added to the Office of Economic and Workforce Development's budget. \$100,000 was for increased Neighborhood funding, and \$100,000 was added for support of Made In Durham. A portion of this was offset by increasing the appropriation from fund balance in the General Fund.
7. A small set-aside for a possible increase in the management agreement for Calvary Ministries management of Lyon Park was removed. The CPI adjustment factor was received in late May and amounted to zero, so the \$7,417 placeholder was removed.
8. Two Finance positions related to the collection of privilege license revenues were removed from the budget. This totaled \$126,935.
9. Sign permit revenues were moved from Inspections to Planning to more correctly account for them. The amount did not change.
10. The Debt Service Fund was increased by \$160,000 to account for an under-budgeted interest expense. This increase was covered by an appropriation from fund balance.
11. The Transit Fund was decreased by \$177,536 to account for updated information about new service costs.

All changes that were made between the proposed and final budget resulted in an increase to the General Fund budget of \$1,647,280, an increase to the Debt Service Fund budget of \$160,000, and a decrease to the Transit Fund budget of \$177,536. The Stormwater Fund had changes, but the total was a net zero change between the preliminary and final budgets.

Alternative

The Council could choose to change facets of the budget, and BMS would revise the ordinance(s) and/or resolutions appropriately.

Financial Impact

The FY2015-2016 Budget ordinance total is \$388,150,718, and the CIP ordinances (Durham Performing Arts Center, General, Parking, Solid Waste, Stormwater, Transit, and Water and Sewer) total \$636,193,681. Details of both are included in the attached documents.

SDBE Summary

Not applicable